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Woman says Rewald claimed CIA links in 1970s

By Walter Wright
Advertiser Staff Writer

Ronald Rewald boasted in the 1970s of working for the CIA in Wisconsin and of maintaining an apartment to entertain secretaries, a longtime friend testified in federal court yesterday.

Patricia Ebert, whose husband died in 1971 about the time Rewald moved into her Mequon, Wis., neighborhood, testified she later moved to Hawaii, as did Rewald, and invested \$800,000 with his firm.

Ebert, who married a dentist after moving to Honolulu, said she invested personal funds and her husband's business pension funds with Rewald's company, but withdrew most of it before the firm collapsed in August 1983.

After the collapse, however, the trustee in the firm's bankruptcy made her pay back \$228,000 in "interest" she had received on the funds, she said.

Rewald, on trial on 98 counts of fraud, tax evasion and perjury, admits taking money from investors under false pretenses, but says it was to maintain his cover as a wealthy businessman so he could gather intelligence for the CIA.

He has claimed in the past he spied on student groups for the CIA in Wisconsin in the early 1960s.

The CIA denies contact with Rewald before 1978, but acknowledges it used his company to provide "back-stop" cover for some personnel after that date. The agency denies involvement in the alleged fraud at Bishop Baldwin Rewald Dillingham & Wong.

Ebert's testimony is the first indication that Rewald was claiming his CIA association as early as the 1970s.

And her comments about an apartment where Rewald entertained secretaries at lunch time foreshadow Rewald's undisputed social and sexual relationships with several Honolulu women who have testified they received thousands of dollars from him.

Rewald's attorneys, who have battled to keep testimony about sex out of the trial, yesterday turned the tables and asked Ebert if she had not had an affair with Rewald.

U.S. District Judge Harold Fong ruled the question irrelevant before Ebert could answer.

In other developments yesterday:

● Susan McGinnis, former model, delayed a European vacation to return to Honolulu from San Francisco and testify Rewald paid her \$33,100 in the year before Bishop Baldwin collapsed, sending her to Paris and Milan and offering to help her in her career.

● Sueanne Russell, a counselor, said she received \$12,000 from Rewald from 1981 to 1983 to be his friend and lover.

● Sam King Jr., Rewald's attorney in a state criminal theft case, identified sworn statements in which Rewald claimed that the CIA told him to create Bishop Baldwin and to advertise 26 percent interest in competition with 21 percent available in Hong Kong, and that the CIA supplied money to pay that return. The government charges Rewald with perjury for those claims.

● Retired Brig. Gen. Ben Cassiday said he thought Rewald's fancy office looked like a motel lobby, but still invested \$45,000 with him. Cassiday said he tried to check Rewald out, found few people knew anything about him, and had decided to withdraw his money, but left it in for one

last interest payment, when the firm collapsed.

● Several vendors testified they sold Rewald \$25,000 worth of engraved stationery, a \$1,500 David Lee painting, feed for his polo ponies on Maui and \$28,000 worth of antique guns, swords, daggers and axes. One said Rewald ordered a cowboy-style six shooter to be engraved with his family crest and inlaid and encrusted with gold, but Rewald balked at the \$10,000 price tag, saying he'd pay only \$5,000.

● Novena Dunhour testified Rewald paid her a \$2,000 monthly salary and a 10 percent commission to bring in new investors.

● Hugh Fraser, an insurance agency manager, said he successfully petitioned to force Bishop Baldwin into bankruptcy proceedings on Aug. 4, 1983, because he was unable to withdraw his \$48,000 after Rewald attempted suicide and the firm closed its doors.